

**OFFICE OF CONGRESSMAN EARL BLUMENAUER  
APPROPRIATIONS REQUEST FORM  
FISCAL YEAR 2011**

**Instructions**

1. Please complete the entire form. **All fields are required.**
2. Please do not **bold**, underline, or *italicize* responses.
3. Request forms must be submitted as a Word document.
4. All completed request forms and any supplemental materials must be submitted via email to:  
[Appropriations.Blumenauer@mail.house.gov](mailto:Appropriations.Blumenauer@mail.house.gov)
5. Please do not send more than one request per email.
6. All completed request forms must be submitted no later than **Friday, February 26, 2010.**
7. If you do not receive an email confirming receipt of your request within 48 hours of submission, please contact Stephanie Cappa in Congressman Blumenauer's Washington, D.C. office at 202-225-4811.

*PLEASE NOTE: All appropriations requests submitted to Congressman Blumenauer's office will be made public on his website, as required by the House Committee on Appropriations.*

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**Project Details**

1. **Project title:** Child Care Billing and Attendance Tracking Modernization
2. **Organization name and address** (the recipient of the funds): Oregon Department of Human Services, Children Adults and Families – Office of Self Sufficiency Programs 500 Summer St. NE Salem, Oregon 97301.
3. **Contact information**
  - a. **Project's primary contact:** Rhonda Prodzinski
  - b. **Daytime telephone number/ mobile phone number:** 503-945-6108/
  - c. **Email Address:** Rhonda.Prodzinski@state.or.us
  - d. **Project location** (if different than organization's address):

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**4. Please describe the requesting organization's main activities.**

Children Adults and Families (CAF) serves families and individuals with a variety of needs through three major program areas: Child Welfare, Self Sufficiency and Vocational Rehabilitation. Services include child protection, foster care and adoption services, licensure for private agencies that care for children 24 hours a day, basic nutrition supports, eligibility for medical care (the Oregon Health Plan), mental health and alcohol and drug treatment, child care for employed parents, employment assistance, and vocational rehabilitation. CAF works directly with children, families and various partner providers to coordinate service needs, and some instances contracts for specialized services from local providers.

Although funded as individual programs, CAF services to children, adults and families are designed to advance two key policy issues – child safety and economic stability.

**5. Is this organization a public, private non-profit, or private for-profit entity?**

Public– state agency.

**6. From what federal agency and account are you requesting funds (Please be specific –e.g., Department of Housing and Urban Development, Economic Development Initiatives account)?**

Department of Health and Human Services - Administration for Children and Families – Children and Families Services Programs

**7. Briefly describe the activity or project for which funding is requested (no more than 500 words).**

The Office of Self Sufficiency Programs, Employment Related Day Care (ERDC) and the Temporary Assistance for Needy Families (TANF)/Job Opportunity and Basic Skills (JOBS), are requesting funding to implement an automated child care billing and attendance tracking system with web-based and Speech Integrated Voice Response (SIVR) solutions.

The current Child Care billing system is paper-based and manually intensive. Reimbursement of child care providers is inefficient and time-consuming. Programs are challenged by increased case loads, budget shortfalls, manual processes, and complex policies.

Child care providers and parents would benefit from a paperless billing process, and authorization of care determined by the swipe of a card. A Point of Service machine would capture attendance and authorization data. This would eliminate the need to manually enter daily attendance hours and calculate monthly billing hours.

By using a Point of Service solution, electronic attendance logs would be created and transactions would be collected into an online database. Providers, with user permissions and secured transactions, would have online access to the database, enabling online viewing, editing, monitoring, submitting and tracking of payment histories. Providers would submit billings online on a bi-monthly or more frequent basis. They would be able to view and print attendance logs, which are also required for licensing. The billing submission would initiate a payment to the provider in an overnight process.

Speech Integrated Voice Response (SIVR) system would be in place for short-term child care arrangements for providers who do not have a Point of Service machine or access to the internet.

This Point of Service machine data would support timely and accurate payments to the provider. There would be a significant reduction in workload for DHS staff as well as providers, increased payment accuracy, and improved monitoring of the program budget.

**8. What is the purpose of the project? Why is it a valuable use of taxpayer funds? How will the project support efforts to improve the economy and create jobs in Oregon?**

Child Care modernization offers an effective and affordable way to accomplish the following:

- Increased payment accuracy;
- Faster compensation to providers;
- Cost savings from increased program efficiencies, reduced data entry and paperwork;
- Improved program management and accountability;
- Increased and better services and outcomes for providers and parents.

This automation effort would help bring consistency across the state by requiring subsidized child care providers to track attendance electronically, and reduce incorrect payments. Attendance data would be available near real-time, for quality control including case manager and overpayment review.

In Oregon, child care generates income, jobs and helps support the economy. The child care industry employs almost 15,000 workers and generates \$639 million in revenue – more than milk production, advertising firms, newspapers, or gas stations; about equal to nurseries, and private colleges and universities (source: 2005 economic impact study by Oregon State University).

Child care business owners are especially vulnerable to the effects of recession. It is critical to have child care available for parents who are returning to work. Child Care is the backbone of Oregon's economy: automation would enable these small businesses to gain efficiencies through reduction in administrative work and would allow for more frequent payment. This increased cash flow could improve budget management.

Over 90,000 Oregon parents rely on child care to work and earn nearly \$2.6 billion annually. DHS Child Care Programs are intended to help low income families achieve self-sufficiency by providing child care assistance for employment or participation in other activities that promote self-reliance, and give these families the same access to quality child care as other Oregon families having greater financial resources. The ERDC program currently serves 11,108 families with 20,423 children in care. There are approximately 7,708 active DHS child care providers. In 2009, the DHS Child Care Programs paid almost \$84 million for child care subsidies.

**Cost Reduction:**

Other states have implemented similar business processes and solutions. The state of Oklahoma realized a reported 10% reduction to their overall child care costs, saving \$10.0 million each year; a reduction of 13 FTE; decreased postage costs; reduced printing of paper claims and warrants; and decreased incidents of overpayments and fraud. Indiana's e-Child Care project, modeled after Oklahoma's, had a savings of \$2.2 million in direct overhead, and \$3.0 million in efficiency gains. They were able to reallocate 34 FTE positions.<sup>1</sup>

In Oregon, 757 overpayments were written in 2008, 396 were due to attendance logs not being returned by the provider when requested (52%). In 2009, 895 overpayments were written, 480

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<sup>1</sup> As reported by the State of Oklahoma. This information is also available on the ACS Website, located at <http://www.acs-inc.com/WorkArea/DownloadAsset.aspx?id=2111>

were due to attendance logs not being returned (54%). Annual child care provider overpayments exceed \$1.1 million per year, which does not include administrative costs associated with the processing, adjusting and collection of these overpayments. Using a Point of Service system, would result in significant savings.

The cost of distribution of 14,000 notices and billing forms would be reduced by an estimated \$0.2 million a year using an automated solution. The Office of Document Management (ODM) and the Direct Pay Unit (DPU) would see a significant reduction of workload in imaging, data entry and processing of billing forms.

Savings from automation would enable Oregon to free up positions to meet other DHS mission objectives and reduce avoidable overpayments. Oregon estimates \$5 million in savings for the FY 2011-2013.

#### Improved Service Delivery / Quality:

The Point of Service machine would validate parent eligibility, co-pay and attendance for providers. DHS would have access to near real-time attendance data to cross-reference with other available data to reduce incorrect child care payments. DHS could more effectively manage the program budget.

Providers would have access to a web-based system to submit billing, view attendance and payment history information. Providers could verify billing through a call center or Speech Integrated Voice Response (SIVR) communication system as an alternative to a Point of Service machine. Providers would receive more timely and accurate electronic payments.

Potential savings and cost avoidance (overpayment and recovery) could be reinvested into the ERDC program. This would allow more parents to work and could lead to more child care jobs in the community. Reallocation of staffing could help reduce caseload backlog. More efficient automated attendance and billing processes would also reduce administrative costs for licensed facilities. More frequent payment would also be a substantial benefit of automation.

Moving forward with Automation will enable the development of metrics essential for DHS Transformation activities —base-lining, benchmarking, business process reengineering, and continuous improvement—that will also be part of this project.

#### **9. Has this project received federal appropriations funding in past fiscal years?**

No

**9a. If yes, please provide the fiscal year, Department, Account, and funding amount of any previous funding.** Not applicable.

#### **Funding Details**

#### **10. Amount requested for this project:**

\$4 million

**11. Breakdown/budget of the amount you are requesting for this project (e.g., salary \$40,000; computer \$3,000):**

| <b>Budget Request</b>  | <b>Total Investment (<i>dollars in millions</i>)</b> |
|--|--|
| Initial investment for staff, design, development, and implementation. | \$2.75   |
| Training for clients and providers                                     | \$0.5  |
| Direct/Indirect Service Costs  | \$0.75   |
| Total  | \$4.0  |

**12. What is the total cost of the project?**

\$4 million

**13. Is this project scalable (i.e., If partial funding is awarded, will the organization still be able to use the funds in FY 2011?)?**

Yes, this project is scalable. A phased in approach could be utilized beginning with child care centers and licensed family homes in regional areas if necessary.

**14. What other funding sources (local, regional, state) are contributing to this project or activity? (Please be specific about funding sources and funding amounts)**

None.

**15. Please list public or private organizations that have supported/endorsed this project.**

Oregon Employment Department - Child Care Division, DHS Child Care Advisory Task Force, Family Services Review Commission, and the AFSCME and SEIU Child Care Provider Unions.

**Please return this form no later than Friday, February 26, 2010 via email to:**

**Appropriations.Blumenauer@mail.house.gov**

**Washington, D.C. Appropriations Contact for Rep. Earl Blumenauer: Stephanie Cappa, 202-225-4811, [Stephanie.Cappa@mail.house.gov](mailto:Stephanie.Cappa@mail.house.gov)**

**Oregon Appropriations Contact for Rep. Earl Blumenauer: Sarah Masterson, 503-231-2300, [Sarah.Masterson@mail.house.gov](mailto:Sarah.Masterson@mail.house.gov)**